CANADIAN SECURITIES ADMINISTRATORS

2008 Enforcement Report

CSA ACVM

The Canadian Securities Administrators

The Canadian Securities Administrators (CSA) is the council of the 10 provincial and three territorial securities regulators in Canada. The CSA is primarily responsible for developing a harmonized approach to securities regulation across the country.

The mission of the CSA is to give Canada a securities regulatory system that provides protection to investors from unfair, improper or fraudulent practices and promotes fair and efficient capital markets, through developing harmonized securities regulation, policy and practice.

By collaborating on rules, policies and other programs, the CSA helps reduce duplication of work and seeks to streamline the regulatory process for companies that wish to raise investment capital and individuals and companies working in the investment industry.

In enforcement matters, CSA members cooperate on investigations and discuss the various tools that help CSA staff stay current with rapidly advancing technology.

In this way, the CSA strives for effectiveness through collaboration and responsiveness.

Navigation

- Message From the Chair 2
- 2008 Results 4
- Illustrative Case Summaries 8
  - Illegal Distributions 8
  - Misconduct by Registrants 9
  - Illegal Insider Trading 10
  - Disclosure Violations 12
  - Market Manipulation 13
  - Prosecution in the Courts 14
  - Inter-jurisdictional Collaboration 15
- Key Players in Enforcement 17
- The Enforcement Process 19
- Key Facts by Jurisdiction 20
- Appendix 25

▷ EFFECTIVE

EFFECTIVE ENFORCEMENT STRENGTHENS PUBLIC CONFIDENCE IN CANADIAN CAPITAL MARKETS

Effective enforcement of securities laws requires a comprehensive program of activity by securities regulators. Prosecuting cases of misconduct either through administrative tribunal hearings or court proceedings (civil and quasi-criminal), and the resulting sanctions and penalties, are visible signs of active enforcement. Across Canada, 123 cases were concluded through tribunal hearings and court proceedings in 2008.

Less visible but equally important are the actions taken by securities regulators to assist in detecting and deterring possible harm to investors and our capital markets. Securities regulators conduct market surveillance, review company disclosure, conduct compliance reviews, issue interim and final cease trade orders, freeze assets and publish investor alerts to warn the public of investment scams.

▷ COLLABORATIVE

COLLABORATIVE ENFORCEMENT CAN PREVENT MISCONDUCT FROM SPREADING ACROSS BORDERS AND HELPS TO PROMOTE EFFICIENCY ACROSS JURISDICTIONS

Enforcement staff collaborate extensively, both within Canada and internationally. CSA enforcement teams conduct joint investigations and share intelligence, information and resources. Some CSA members use statutory powers to make orders against those who have been sanctioned in one jurisdiction with a view to preventing them from undertaking similar activity in another. CSA members issued 90 reciprocal orders in 2008.

Securities regulators also work closely with law enforcement agencies to build an effective bridge between regulatory and criminal enforcement. For example, the Joint Securities Intelligence Units in Ontario and Quebec, whose mandate is to detect and deter criminal activity in the capital markets, often include representatives of the securities regulators, the RCMP, provincial police forces, and the Investment Industry Regulatory Organization of Canada (IIROC).

▷ RESPONSIVE

RESPONSIVE ENFORCEMENT ACTS QUICKLY AND APPROPRIATELY TO CASES OF MISCONDUCT

Responsive enforcement activity is timely, results in appropriate sanctions for misconduct, and deters future misconduct. Securities regulators use the tools available to them (such as freeze orders and cease trade orders) to act in a timely fashion to protect investors. Sanctions for securities law violations are increasing in Canada, as jurisdictions move to raise the maximum monetary sanctions and jail terms as a deterrent to future misconduct.

Canadian securities regulators remain concerned about "boiler rooms" – a term used to describe a group of people not registered to sell securities who promote questionable investments over the phone or the Internet. CSA members act quickly to combat boiler room activity when detected.

Message From The Chair

Jean St-Gelais
Chair, CSA

To say that 2008 was an eventful year would be an understatement. The events triggered by the collapse of the sub-prime mortgage market in the U.S. and the general credit market crisis that ensued highlighted again how crucial the capital markets are to the functioning of the broader economy. In turn, the importance of fostering confidence in the capital markets by enforcing securities laws is clear.

This year's enforcement activity, including dozens of cases across the country, demonstrates three recurring themes that describe our work. We strive at all times to deliver an enforcement regime that is effective, collaborative and responsive.

We have made great strides in strengthening enforcement of Canadian securities laws in recent years. As provincial and territorial regulators, we work closely together through the CSA framework to harmonize legislation and enforcement measures. This 2008 Enforcement Report summarizes our progress and the highlights of the past year.

"OUR OVERRIDING OBJECTIVES IN ENFORCEMENT, AS ALWAYS, ARE TO PROVIDE PROTECTION TO INVESTORS AND TO FOSTER CONFIDENCE IN THE CAPITAL MARKETS. AS WE HAVE SEEN RECENTLY, THESE OBJECTIVES TAKE ON NEW IMPORTANCE IN TIMES OF ECONOMIC UNCERTAINTY."

By enforcing securities laws, Canada's provincial and territorial regulators help to provide protection to investors and build confidence in the fairness of the capital markets. Across the country, enforcement teams identify, investigate and prosecute people and companies who attempt to take money from investors through phony investment schemes, make misrepresentations in information provided to investors, or manipulate the capital markets for personal gain.

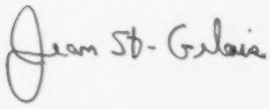
Above all, we work diligently to enforce Canadian securities laws effectively. Effectiveness cannot be measured by the total number of completed cases alone. We are most effective when we can prevent harm to investors, through activity such as ongoing compliance reviews and disruption techniques that prevent wrongdoing. In those cases where harm has already been caused, we seek to act quickly to disrupt the activity by issuing cease trade orders and freezing assets, for example.

In order to be effective, enforcement of securities laws should also be collaborative. Enforcement cases are often cross-jurisdictional, and cooperation among CSA members is critical to success. As well as partnering on joint investigations and sharing intelligence, certain CSA members use tools such as reciprocal orders to protect investors in one jurisdiction from the improper activity of people or companies who have been sanctioned in another. CSA enforcement teams also work closely with their international counterparts through formal and informal arrangements, organizations, committees, and working groups. A number of examples of collaboration are presented in this report.

As regulators, we also strive to be responsive – responsive to changing market conditions, to industry dynamics, and most importantly, to public concern. We know, for example, that Canadians would like to see more timely enforcement as well as stronger penalties for serious securities-related offences. As securities regulators, although we cannot control all aspects of timeliness and sanctioning, we are nonetheless committed to enhance our performance in those areas we do control.

This 2008 report, which marks a new approach to CSA enforcement reporting, is one result of our efforts to be increasingly responsive to interest in our enforcement activities. We have moved to calendar year reporting, and simplified our presentation of Canadian securities enforcement statistics. We have also included some of the more compelling stories that make up those statistics in the Case Summaries section. By reporting the stories behind securities law enforcement, we aim to improve understanding of how CSA members fit into the broader enforcement mosaic in Canada.

Our overriding objectives in enforcement, as always, are to provide protection to investors and to foster confidence in the capital markets. As we have seen recently, these objectives take on new importance in times of economic uncertainty. This report demonstrates that we are making significant strides in strengthening securities enforcement in Canada.

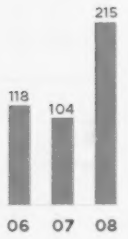


Jean St-Gelais
Chair, CSA

2008 Results

High Activity Levels Highlight a Busy Year for Enforcement

An important indicator of the level of securities enforcement activity in Canada is the number of proceedings commenced, as shown in the chart on the right. Proceedings commenced are cases in which a Commission staff's allegations have been filed or, in the case of a quasi-criminal proceeding, an information sworn before the courts, both of which allege wrongdoing. Many of the proceedings commenced in 2008 were still underway at the end of the year. In such cases, there has been no finding of wrongdoing. The 215 total proceedings commenced in 2008 include 279 individuals and 137 companies.



PROCEEDINGS COMMENCED INCREASED IN 2008

Significant Enforcement Cases Concluded in Every Category

CSA members concluded 123 cases in 2008, involving 193 individuals and 129 companies. The tables below provide more detail about these cases and how they were concluded. Each case is counted just once, even if more than one person or company was sanctioned in a single case.

The first table shows completed Canadian enforcement cases, by category of violation, for 2006, 2007, and 2008. Illegal distributions (distributing securities without registration or a prospectus) continue to form the largest category of violation.

Enforcement Cases Concluded by Category

Type of Offence	2006	2007	2008
Illegal Distributions	42	70	65
Misconduct by Registrants	15	15	30
Illegal Insider Trading	8	7	8
Disclosure Violations	12	14	11
Market Manipulation	1	6	4
Miscellaneous	17	18	5
Total	**95**	**130**	**123**

2008 ENFORCEMENT CASES CONCLUDED BY CATEGORY

The table below provides a breakdown of how cases were concluded, whether by a tribunal decision, a settlement agreement with a CSA member, or a court proceeding under the Securities Act. All concluded cases are listed in the appendix of this report.

Cases Concluded	2006	2007	2008
Contested hearing before a tribunal	28	54	55
Settlement agreement	49	45	40
Court proceeding (under the Securities Act)	18	31	28
Total cases concluded	**95**	**130**	**123**

Legislation provides for a statutory right of appeal of both tribunal and court decisions. The data below illustrates that securities law is growing more litigious, as decisions are increasingly appealed. In most cases, appeals are brought by respondents, although occasionally a CSA member will appeal a court decision.

Appeals	2006	2007	2008
Cases appealed	11	10	26
Appeal decision rendered	12	10	15

Securities Regulators and Courts Apply Substantial Penalties

The sanctions imposed for securities law violations or conduct that is contrary to the public interest range from bans on future activity, such as trading securities or acting as a director or officer of a publicly-traded company, to financial penalties and jail terms. The following table outlines monetary orders imposed by securities regulators and the courts in 2008. In addition to monetary orders, the courts ordered jail terms for six individuals, ranging from six months to eight and a half years.

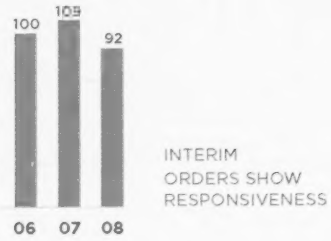
Monetary Penalties Applied by Securities Regulators and Courts, 2008

	Fines/ Administrative Penalties	Costs Ordered
Illegal Distributions	$ 8,411,500	$ 728,439
Misconduct by Registrants	368,304	13,000
Illegal Insider Trading	1,203,013	305,000
Disclosure Violations	1,947,300	497,000
Market Manipulation	460,000	20,000
Miscellaneous	79,000	15,000
Total	**$ 12,469,117**	**$ 1,578,439**

Restitution, compensation and disgorgement are powers available in specific circumstances to some regulators or courts under securities legislation. Restitution is a remedy that aims to restore a person to the position he or she would have been in had it not been for the improper conduct of another. Compensation is a payment to an aggrieved investor to compensate for losses, either in whole or in part. Disgorgement is the payment to the regulator of amounts obtained as a result of a failure to comply or a contravention of securities legislation. In 2008, $201,208 was ordered in Saskatchewan and Manitoba in restitution, $569,321 was paid out in Quebec and Manitoba in compensation, and $15,766,708 was ordered in B.C. and Ontario in disgorgement against respondents.

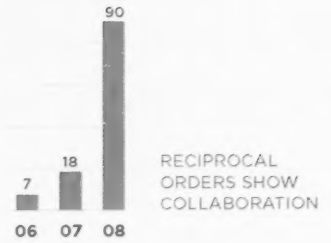
Interim Cease Trade Orders Disrupt Wrongdoing

As the chart on the right illustrates, CSA members continue to use measures such as interim cease trade orders to protect investors by prohibiting a potentially illegal activity while an investigation is underway. Under the 92 interim orders issued in 2008, trading restrictions were placed on 168 individuals and 112 companies. For the purposes of this report, interim cease trade orders have not been counted in the concluded cases table on page 4.



Use of Reciprocal Orders Increasing

Reciprocal orders are used in some jurisdictions to deter individuals and companies who have been sanctioned elsewhere from engaging in similar misconduct in that jurisdiction. Several CSA jurisdictions passed legislative amendments in 2008 to authorize their use of reciprocal orders. As demonstrated by the chart to the right, the use of reciprocal orders has increased sharply in recent years, demonstrating CSA's commitment to strengthen enforcement coordination across the country. For the purposes of this report, reciprocal orders have not been counted in the table of concluded cases on page 4.



Cases Concluded by SROs Contribute to Enforcement Activity

Self-regulatory organizations (SROs) are an important part of the enforcement mosaic in Canada. Three of the key SROs, as overseen by CSA members, are the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association of Canada (MFDA), and the Chambre de la sécurité financière (CSF). These three organizations concluded 55 enforcement cases in 2008. Note that the Investment Dealers Association (IDA) and Market Regulation Services (RS) merged in 2008 to form IIROC.

Illustrative Case Summaries

This section describes the five main categories of securities law violations and presents selected case summaries to illustrate the type of activity that constitutes each category of violation. Also included are summaries of cases prosecuted in the courts, and examples of cases that demonstrate collaboration both among CSA jurisdictions and with SROs.

The summaries include cases concluded in 2008 (by way of a contested hearing before a tribunal, a settlement agreement, or a proceeding before a court), as well as some case proceedings that commenced in 2008 but have not been concluded.

Commenced proceedings are cases where a statement of allegations has been filed or an information sworn before the courts, both of which allege wrongdoing. There has been no finding of wrongdoing in these cases, as they had not been concluded by the end of 2008.

Illegal Distributions

Illegal distributions are by far the most frequent type of securities law violation seen by securities regulators across Canada. An "illegal distribution" is a sale of securities to investors that does not comply with the prospectus or registration requirements under securities laws. A prospectus is a document that describes the investment and the associated risks to the investor. Registration with regulators is required of anyone advising or trading in securities, with certain exemptions.

Concluded cases

In cases of illegal distribution, investors are often promised guaranteed or unrealistic returns on an investment. In the Executive Marketing Strategies (EMS) case in Alberta, for example, investors were promised "highly attractive" returns of as much as 18 per cent per quarter to invest in an event ticket business. The respondents in EMS raised approximately $10 million from over 300 investors by selling them loan agreements in which money would be lent to ticket brokers for the purchase of large blocks of event tickets. An Alberta Securities Commission (ASC) panel found that EMS failed to demonstrate all of the money raised through the loan agreements was used for this purpose, and that the respondents personally benefited from the money received by EMS. The ASC panel ordered a total of $490,000 in administrative penalties and trading bans against the respondents.

> "Although we do not know whether, or to what extent, investors in Alberta have or will suffer actual financial losses on their Loan Agreements, the evidence is clear that they were certainly exposed to the risk of considerable loss. The illegal nature of the EMS distribution also exposed others to harm: this type of misconduct can jeopardize confidence in the Alberta capital market, and thereby impair the ability of legitimate businesses to raise investment money in accordance with the law."
>
> – *Alberta Securities Commission panel, ruling on the EMS case*

Ponzi schemes are a form of illegal distribution of securities. These fraudulent schemes deliver returns to initial investors by paying out funds invested by subsequent investors. The schemes eventually collapse because there is no underlying asset. Initial investors in a Ponzi scheme typically see a return, but subsequent investors may get nothing. In the International Fiduciary Corporation (IFC) case, proponents of the scheme convinced 89 people to invest $23 million, telling them that IFC's buying and selling of "first tier medium term bank notes" would deliver a risk-free return of six per cent per month. The British Columbia Securities Commission (BCSC) ordered the respondents to pay $12.7 million into court (where investors may be able to recover some of their investment), plus $4 million in administrative penalties.

> "Ponzi schemes are a particularly sinister form of fraud because those lucky enough to get in at the beginning do in fact earn the promised returns and lend credibility to the scheme needed to lure investors."
>
> – *B.C. Securities Commission panel, ruling on the IFC case*

Proceedings commenced

Securities regulators may issue interim cease trade orders against individuals or companies to disrupt illegal distributions while they continue to investigate the matter. This prohibits the further selling of securities and may mitigate investor losses. In the Guychar case in Quebec, assets were frozen and interim cease trade orders issued within six weeks of the start of the investigation. It is alleged that four individuals sold term notes and shares without a prospectus, and that more than $10 million owed to investors was not reimbursed. 459 charges have been laid against these individuals. The case is ongoing and there has not yet been any finding in this matter.

Investors who are taken in by these illegal distributions seldom recover their money. As well as shutting down illegal distribution schemes, CSA members also work to educate investors on how to recognize and avoid suspicious or fraudulent investments. For example, in both of the concluded cases above, the proponents of the investments were not registered with securities regulators, nor had they filed prospectuses in respect of the securities they were offering.

Misconduct by Registrants

Any person or company advising or trading in securities in Canada must be registered under the Securities Act of the jurisdiction in which they conduct this activity, unless the activity is exempt from registration. Misconduct by registrants occurs, for example, when a registered person or company violates securities laws or acts contrary to the public interest.

Concluded cases

The Thow case was a particularly egregious fraud. Ian Thow was a mutual fund salesperson with Berkshire Investment Group in British Columbia. Acting from that position of trust, Thow convinced 26 of his clients to invest $8.7 million primarily in construction loans and shares of a Jamaican bank. He advised clients to sell their mutual funds or to mortgage their homes to make these investments. But neither the loans nor the shares existed. Thow used his clients' money to buy luxury items such as cars, a yacht, and a personal jet.

In sanctioning Thow, the BCSC panel made use of recent B.C. legislative amendments that increased the maximum administrative penalties for Securities Act contraventions to $1 million per contravention. In late 2007, the BCSC ordered Thow to pay an unprecedented $6 million penalty.

This case also illustrates collaboration in law enforcement. After the BCSC panel ruling, Thow was criminally charged with 25 counts of fraud, following an investigation by the RCMP Integrated Market Enforcement Team (IMET). Thow's employer, Berkshire Investment Group, was also assessed a $500,000 penalty by the Mutual Fund Dealers Association, for failing to take reasonable supervisory or disciplinary measures against Thow after receiving complaints from his clients.

> "This case represents one of the most callous and audacious frauds this province has seen. Thow preyed on his clients by offering them non-existent securities and instead using the funds to support his lavish lifestyle. He took their money and betrayed their trust. He has left a trail of financial devastation and heartbreak."
>
> – *B.C. Securities Commission panel, ruling on the Thow case*

Another noteworthy 2008 case in this category comes from the Manitoba Securities Commission (MSC). In the Wladyka case, a former registrant abused his longstanding relationship with three elderly clients. Jack Wladyka was a branch manager with Dundee Private Investors in Winnipeg. Wladyka took cheques from his clients intended for investments, and did not make those investments. He paid personal debts with his clients' money, and used funds from one client to pay interest owed to another. He issued a false account statement when a client became concerned that she hadn't received confirmation of her balances. As noted in the MSC panel decision, that client later described her experience in this fraud as "a year of hell." In all, Wladyka deprived his clients of some $4 million. Fortunately, in this case the firm's insurance eventually restored the money to the investors.

> "Wladyka's conduct was egregious... He knew what was required of him. He was not inexperienced. He was a branch manager. He breached the most basic fundamentals of the trust which his clients, as investors, placed in him."
>
> – *Manitoba Securities Commission panel, ruling on the Wladyka case*

In some cases, the misconduct by the registrant does not involve taking a client's money. In the Daubney case in Ontario, the Ontario Securities Commission (OSC) panel found that the registrant recommended a leveraged, high risk investment strategy to clients without taking full account of their individual risk tolerance or investment objectives. These unsuitable investments led to financial hardship for the clients when there was a market downturn.

Investors should be able to trust their advisors to act ethically and responsibly and to comply with all legal requirements.

Illegal Insider Trading

Illegal insider trading involves buying or selling a security of an issuer while possessing undisclosed material information about the issuer, and includes related violations such as 'tipping' information and trading by the person 'tipped.' Material information can include everything from financial results to executive appointments to operational events.

Concluded cases

Officers and directors of public companies are listed insiders who must register and file insider trading reports whenever they trade securities of their own companies.

In an example of illegal insider trading by a company executive, the Ontario Court of Justice found Barry Landen guilty of trading in shares of Agnico-Eagle Mines Limited while in possession of material undisclosed information. Landen was the Vice-President of Corporate Affairs for Agnico when he sold shares of the company that were held in a trust under his control. The Court found that at the time of the sale, Landen knew of undisclosed problems at a company mine and was also aware that the company was considering reducing its long-term gold forecast. Landen had not yet been sentenced at the end of 2008.

In a Nova Scotia Securities Commission (NSSC) case, Mario Marino, the President of High Liner Foods Canada, failed to stop a sell order on company stock options and failed to report all his trades as an insider. Marino placed a sell order for 9,400 shares of High Liner Foods shortly before he received negative material information. Some of the shares were sold after he received the information, but before it was disclosed. While Marino avoided a loss of only $370, and the violation was unintentional, the NSSC defended the principles at issue. Marino settled in the case, agreeing to a settlement that required him to pay a $10,000 penalty, plus $5,000 in costs.

> "The Respondent acknowledges that his actions undermined investor confidence in the fairness and efficiency of capital markets in Nova Scotia and were contrary to the public interest."
>
> – *Nova Scotia Securities Commission panel, ruling on the Marino case.*

Illegal insider trading is sometimes perpetrated by people who have access to undisclosed information through their employment with a service provider such as a consulting firm.

The Leung case is one such example. Betty Leung was a legal secretary with a Toronto law firm, where she had access to confidential information about client merger and acquisition activity. Between 2005 and 2008, Leung traded securities based on this information. The illegal trading activity was on a small scale – Leung usually bought or sold 200 to 800 shares at a time for a total profit of almost $52,000 over three years. In this case, the OSC approved a settlement agreement with an administrative penalty of twice the amount of the gain from the illegal activity.

> "Our message is that, if you commit [illegal] insider trading, you will likely be subject to sanctions equal to at least two times the profit obtained from such trading."
>
> – *Ontario Securities Commission panel, ruling on the Leung case*

Proceedings commenced

Late in 2008, the Autorité des marchés financiers (AMF) sought and obtained its first interim cease trade order at the beginning of an investigation, to stop alleged illegal insider trading and market manipulation. The order was issued against Louis-Robert Lemire, a director and member of the oversight committee of an emerging oil and gas company listed on the TSX Venture Exchange. Lemire was also the president of a financing company that granted a loan to the oil and gas company. The AMF alleges that, between July 2006 and August 2008, Lemire made 88 trades in shares of the oil and gas company without disclosing them, which he was required to do as an insider. All but one of the trades were profitable. The fact that shares were allegedly bought just prior to the issue of a news release and sold just afterwards convinced the Quebec securities tribunal (BDRVM) to issue the cease trade order.

Illegal insider trading erodes investor confidence by causing investors to believe that insiders have an unfair advantage. Surveillance technology helps securities regulators to be responsive to such cases. CSA members and IIROC collaborate through special surveillance units that monitor trading activities, regardless of transaction size, to identify any patterns than may indicate illegal insider trading.

Disclosure Violations

Confidence in the capital markets requires confidence in the accuracy of the information, or "disclosure," that companies provide about their business activities. Accurate and complete financial statements are the core of good disclosure practice. Minor errors may be detected and corrected through continuous disclosure reviews.

Concluded cases

Public companies must disclose any change in the business that would likely have a significant effect on the company's market valuation. In the OSC case involving Rex Diamond Mining Corporation, a Commission panel found, following a contested hearing, that the company failed to file material change reports and make timely, accurate and complete disclosure when the Sierra Leone Government sent notices to the company warning that its diamond mining leases in that country were not in good standing and could be revoked. The panel's decision is currently under appeal.

> "...all relevant information should be contained in an AIF (Annual Information Form), not just positive information. It was contrary to the public interest that Rex withheld negative information about the company from the public at this time."
>
> – *Ontario Securities Commission panel, ruling on the Rex Diamond Mining case*

Disclosure rules also cover unlisted companies. Companies raising capital outside of a public exchange and relying on securities law exemptions must provide an appropriate level of disclosure. In the Capital Alternatives case, Milowe Brost and his associates made use of registration and prospectus exemptions, issuing offering memoranda to convince Albertans and others to invest $36.5 million in Strategic Metals Corp. The ASC panel found that the use of the prospectus exemption was not valid, and that the offering memoranda contained misleading information and overly promotional language. Strategic Metals failed to disclose its intention to loan the funds raised to another company located offshore. The Alberta Court of Appeal upheld the ASC panel's findings, ruling that it was reasonable for the ASC to conclude that the conduct in this case amounted to regulatory fraud and that "Brost was responsible for making false or misleading statements to, and participating in a fraud on, investors."

> "...the offering memoranda, as well as other information conveyed to prospective Strategic investors, conveyed a thoroughly misleading picture of what investors were buying into and what was happening with their money. The disclosure was not only 'inadequate'; it was misleading, deceitful and fraudulent."
>
> – *Alberta Securities Commission panel, ruling on the Capital Alternatives case*

Proceedings commenced

Biovail Corporation is a large pharmaceutical company that is listed on the TSX and the NYSE. In an OSC Statement of Allegations, staff of the Commission allege that Biovail filed financial statements not in accordance with generally accepted accounting principles, failed to correct a previous misstatement, and made misleading public statements. Biovail faced similar allegations in the United States and settled with the SEC in March 2008 on a "neither confirm nor deny" basis. On January 9, 2009, an OSC Commission panel approved a settlement agreement with Biovail Corporation. The case in Ontario against the remaining respondents is underway and is scheduled to proceed in early 2009.

Effective CSA compliance and enforcement activity helps to provide investors with a more complete picture of public companies on which to base their investment decisions.

Market Manipulation

Market manipulation involves efforts to increase or decrease a company's share price beyond normal trading activity. A classic form of market manipulation is a "pump and dump scheme," in which the proponents deliberately talk up or promote a company to increase its share price in order to sell their shares at a profit, at the expense of investors who bought the shares on the basis of misleading information.

Concluded cases

Market manipulation cases often involve other types of securities law violations as well. In the Laliberté case in Quebec, for example, Benoît Laliberté was found guilty of disclosure violations and illegal insider trading. Laliberté was the CEO and principal shareholder of Jitec Inc., an information technology company that traded on the Montreal Exchange. Jitec issued press releases exaggerating the status of its agreements with partner firms, such as the release claiming that a contract had been signed, when it was actually only a letter of intent.

Following inaccurate announcements of key sales agreements, Jitec shares fluctuated widely for a few months, reaching a high of $10.90 before plummeting to $0.85. Through this misconduct, over 3,000 investors lost nearly $2 million. In the meantime, Benoît Laliberté traded his company's shares with knowledge of the misrepresentations, making a profit of approximately $650,000. In July 2008, the court fined him almost $900,000 following prosecution by the AMF. This case is under appeal.

> "The misleading information contained in the two press releases is therefore material information that could affect the decision of an investor interested in Jitec, a newly listed company. The conduct of the defendant affects the confidence established between the market and investors. In view of the principles set forth, the type of offences, the misrepresentations, the role played by the defendant, the context, the level of responsibility, and the defendant's attitude, a substantial fine must be imposed for deterrence purposes."
>
> – *The Honourable Judge Céline Lamontagne, Court of Quebec, ruling on the Laliberté case*

Proceedings commenced

In the Sulja case, OSC staff allege that certain individuals distributed securities of Sulja Nevada without being registered, and without having filed a prospectus. At the same time, they allegedly made false and misleading statements in a series of press releases about Sulja Nevada, claiming that the company had contracts to provide building materials in the Middle East. It is alleged that after having inflated the company share price, certain individuals sold shares of the company through nominee accounts to hide their involvement.

The OSC issued a temporary order stopping the trading in Sulja Nevada in December 2006, as soon as the alleged illegal activity came to light. The Statement of Allegations was issued in June 2008. A hearing on this matter has not yet been held. In addition, in December 2008, the RCMP arrested and charged one of the respondents in the Sulja case with two counts of fraud following a referral from the OSC.

Market manipulation most often occurs with small companies that have limited trading volume. Prices can be manipulated when the shares are held by small numbers of investors. By investigating these schemes, whether or not companies trade on Canadian exchanges, CSA members are responsive to the concerns of Canadian investors.

Prosecution in the Courts

In certain Canadian jurisdictions, securities regulators are able to pursue charges related to violations of securities law in the courts, where jail terms can be imposed upon conviction.

Concluded cases

The Norbourg case is a notable example of a successful prosecution of securities fraud. The Montreal-based Norbourg mutual fund company defrauded more than 9,000 investors of $130 million through illegal dealings. Norbourg CEO Vincent Lacroix diverted client funds for his own use, falsified documents, and made innumerable false statements to investigators.

The AMF uncovered the fraud in 2005, froze the company's assets (at that time $75 million), and assigned a provisional administrator. AMF staff identified a $130 million discrepancy between the company's financial results and its assets under management. In 2006, the AMF brought 51 charges against Vincent Lacroix in the Court of Quebec for producing false and misleading information and manipulating mutual fund values. In an unprecedented sanction, Lacroix was sentenced to 12 years in prison and fined $255,000. The sentence was reduced on appeal to 8 1/2 years, a decision the AMF is appealing.

> "This case has been properly labelled as an unprecedented scandal in the country's judicial and financial history. In monetary terms, losses total up to $115 million for the 9,200 investors, climbing to $130 million if lost returns are taken into account. No amount has been repaid by the defendant."
>
> — *Hon. Claude Leblond, Court of Quebec, ruling on the sentence to be imposed on Vincent Lacroix*

There was a parallel police investigation of potential criminal activity, undertaken by the RCMP Integrated Market Investigation Team (IMET). In June, 2008, the RCMP arrested six people in connection with the Norbourg fraud, among them Vincent Lacroix, and laid 922 criminal charges, including conspiracy to commit fraud, conspiracy to fabricate false documents, fabricating false documents, fraud and money laundering. This case has not yet been heard.

The Norbourg case is noteworthy for its size, for the substantial jail sentence, and for the fact that some of the defrauded investors are being compensated for their losses. The victims of violations committed in the course of the distribution of financial products and services were indemnified to a maximum of $31 million through the AMF's compensation fund. As well, the remaining assets of Norbourg were distributed to investors by a liquidator appointed in December 2005.

Proceedings commenced

Another high profile prosecution case now underway in Quebec is that of Mount Real Corp., a former Montreal-based vendor of magazine subscriptions. In September 2008, the AMF laid almost 700 charges against Lino Matteo, the former CEO of Mount Real, and four others, and is seeking prison terms and substantial fines. The case is the AMF's largest investigation to date.

The allegations describe a highly complex scheme to improve the image and financial position of Mount Real and 120 related companies. The company's operations were halted following action taken by the AMF in 2005. The losses to 1,600 investors are estimated to be $130 million.

The courts play a distinct and important role in enforcement of Canadian securities law. Courts may punish wrongdoers for misconduct, and may order responsive penalties and jail terms in cases of contraventions, including fraud.

Inter-jurisdictional Collaboration

Collaboration among CSA members on enforcement activity takes many forms, from information sharing to joint investigations. Many jurisdictions have statutory authority to use reciprocal orders to extend sanctions from one jurisdiction to another in order to prevent misconduct. The use of reciprocal orders has increased greatly in recent years, due in part to legislative reforms that have facilitated their use.

Concluded cases

Sharing intelligence and issuing reciprocal orders can prevent misconduct from occurring in multiple jurisdictions. For example, in May 2008, the New Brunswick Securities Commission (NBSC) imposed administrative penalties of $225,000 on the principals involved in First Global Ventures, for trading securities without being registered with the NBSC, for making false or misleading statements to investors, and for breaching previous cease trade orders. One of the respondents in the First Global case was Abraham H. Grossman (also known as Al Grossman). Mr. Grossman has also been charged by the OSC and sanctioned by the ASC in the Maitland Capital and Shallow Oil & Gas cases. Reciprocal orders have banned Mr. Grossman from trading in several jurisdictions.

> "There was no evidence that FGV had any purpose other than to take money from investors. There was no indication that FGV was a legitimate business. In fact, the Panel found that the claims made on FGV's website were blatantly false, and were copied directly from the website of a legitimate business entity. FGV served no purpose other than to separate investors from their money."
>
> – *New Brunswick Securities Commission panel, ruling in the First Global Ventures case*

Proceedings commenced

The case of Norshield Asset Management (Canada) Ltd. offers another example of collaboration between CSA members. It is alleged that Norshield sold funds-of-funds, including the Olympus United Group products, using hedge fund strategies. It is alleged that when Norshield stopped redeeming units in May 2005, 1,900 investors had lost nearly $160 million. The OSC and the AMF have investigated Norshield and issued cease trade orders, and OSC staff are conducting a contested hearing before a Commission panel. The hearing has not been concluded.

Effective collaboration enables jurisdictions to move quickly, coordinating their actions to prevent harm to investors and the market. In the case of Gold-Quest International, the BCSC and the MSC issued a joint investor alert in March 2008, informing the public of their investigation into an investment offering an unusually high annual return – 87.5 per cent – and commissions for bringing in

new investors. The regulators received reports that people were approached to invest in a "family and friends private placement program" for trades in foreign exchange markets. Solicited investors reported being told that they can also earn money by referring new investors to the program. These promoters are not licensed or registered to sell securities in either British Columbia or Manitoba. The ASC, the OSC, the AMF, the BCSC and the Saskatchewan Financial Services Commission have all issued interim orders prohibiting Gold-Quest from trading securities in their jurisdictions.

Quick action and close collaboration can result in money being returned to investors from an attempted scam. In the case of **Rocky Mountain Gold**, U.K. investors sent approximately $2.5 million to an Ontario bank account to invest in this Vancouver-based company, after sales pitches were made from boiler rooms in Europe. Following up on a tip received by the OSC, the BCSC collaborated with the OSC, the Financial Services Authority in the U.K. and the City of London Police to freeze assets and coordinate the return of more than 90 per cent of the money invested.

Reciprocal orders, joint investigations and other forms of inter-jurisdictional collaboration take on new importance in an era when the Internet and other forms of instant communication make it easier for securities law violators to reach across borders to investors.

Collaboration happens not only among CSA members and their international counterparts, but also between CSA members and self-regulatory organizations (SROs). A recent example is the case of ASL Direct, a mutual fund dealer that is registered in Ontario and is a member of the Mutual Fund Dealers Association of Canada (MFDA). Staff of the OSC allege that ASL may have participated in the distribution of securities in the Future Growth Group of Funds without a prospectus or an exemption to the requirement for a prospectus. In addition, OSC staff allege that ASL may have also failed to comply with its obligations as a registrant contrary to securities laws. The OSC and the AMF issued cease trade orders against ASL and other parties. The orders were obtained in the course of investigations conducted by OSC, AMF and MFDA staff. These actions were reciprocated by the ASC and the BCSC. The MFDA has also initiated proceedings against ASL. In addition, the OSC sought and obtained an order from the Ontario Superior Court of Justice appointing a receiver over the assets and property of ASL.

> "The need for reciprocal orders has been driven by market globalization and technological advancements, in particular the growing use of the Internet. Soliciting investors across jurisdictions has become a concern for most market regulators."
>
> – *Quebec securities tribunal (BDRVM), ruling on the Gold-Quest International Corp. case*

> "(The return of money to investors) is a rare bit of good news for investors who have been persuaded to hand over money to boiler rooms as usually the money disappears without a trace. Investors are reminded to just hang up the phone when contacted by boiler rooms as in most cases these investments do not have a happy ending. Working in partnership with our Canada counterparts on the case helped to ensure that investors were able to get their money back this time."
>
> – *Jonathan Phelan, Financial Services Authority (U.K. regulator), in a statement on the Rocky Mountain Gold case*

Key Players in Enforcement

IN CANADA, A NUMBER OF LAWS AND RULES GOVERN CAPITAL MARKETS AND MARKET PARTICIPANTS AND DIFFERENT TYPES OF AGENCIES ENFORCE THOSE LAWS AND RULES. EACH FULFILLS DIFFERENT ROLES IN THE OVERALL REGULATION OF CAPITAL MARKETS AND MARKET PARTICIPANTS. CSA MEMBERS ADMINISTER AND ENFORCE THE SECURITIES ACT IN EACH JURISDICTION. CRIMINAL AUTHORITIES ENFORCE THE CRIMINAL CODE, WHICH INCLUDES OFFENCES SUCH AS FRAUD AND MONEY LAUNDERING.

Laws

Each province and territory has a Securities Act, which provides the legal foundation for regulatory requirements related to the capital markets. Securities Acts establish "quasi-criminal" offences for contraventions of regulatory requirements and prohibitions of certain activities related to the capital markets. Penalties for committing these types of offences can include a term of imprisonment and a significant fine.

Securities Acts also empower regulators to impose "administrative" sanctions for securities-related misconduct, including monetary sanctions and prohibitions from market participation or access. Penalties imposed by regulators are intended to deter misconduct and to protect investors from future harm. Therefore, regulators (as opposed to the courts) have no authority to order a jail term.

The Criminal Code, a federal statute, establishes both specific securities-related criminal offences (such as market manipulation), and more general economic crimes (such as fraud) which could also capture some securities-related misconduct. Penalties imposed by the courts for criminal and "quasi-criminal" offences are intended to, among other things, punish those persons who have committed securities-related misconduct. Penalties for committing offences can include a lengthy term of imprisonment and a significant fine under the *Criminal Code*.

Securities Regulators

An effective regulatory enforcement regime is rooted in strategies that focus on investor protection and prevention of future harm. Securities regulators investigate suspected securities-related misconduct, such as registrant breaches of obligations with respect to clients, illegal sales of securities, or breaches of securities laws. If staff of a CSA member believe that misconduct has occurred, a hearing before that jurisdiction's commission or associated tribunal may be pursued. If the hearing panel determines that misconduct occurred, the person may be subject to administrative sanctions.

Securities regulators may also refer allegations of offences to a Crown attorney for prosecution. In some jurisdictions, staff may directly prosecute such cases in court.

Criminal Authorities

Generally, local and provincial police investigate securities-related criminal offences. In addition, the Integrated Market Enforcement Teams (IMETs) are groups within the RCMP, comprised of specialized investigators, which investigate serious offences related to the capital markets. Police refer completed investigations to provincial Crown attorneys for prosecution.

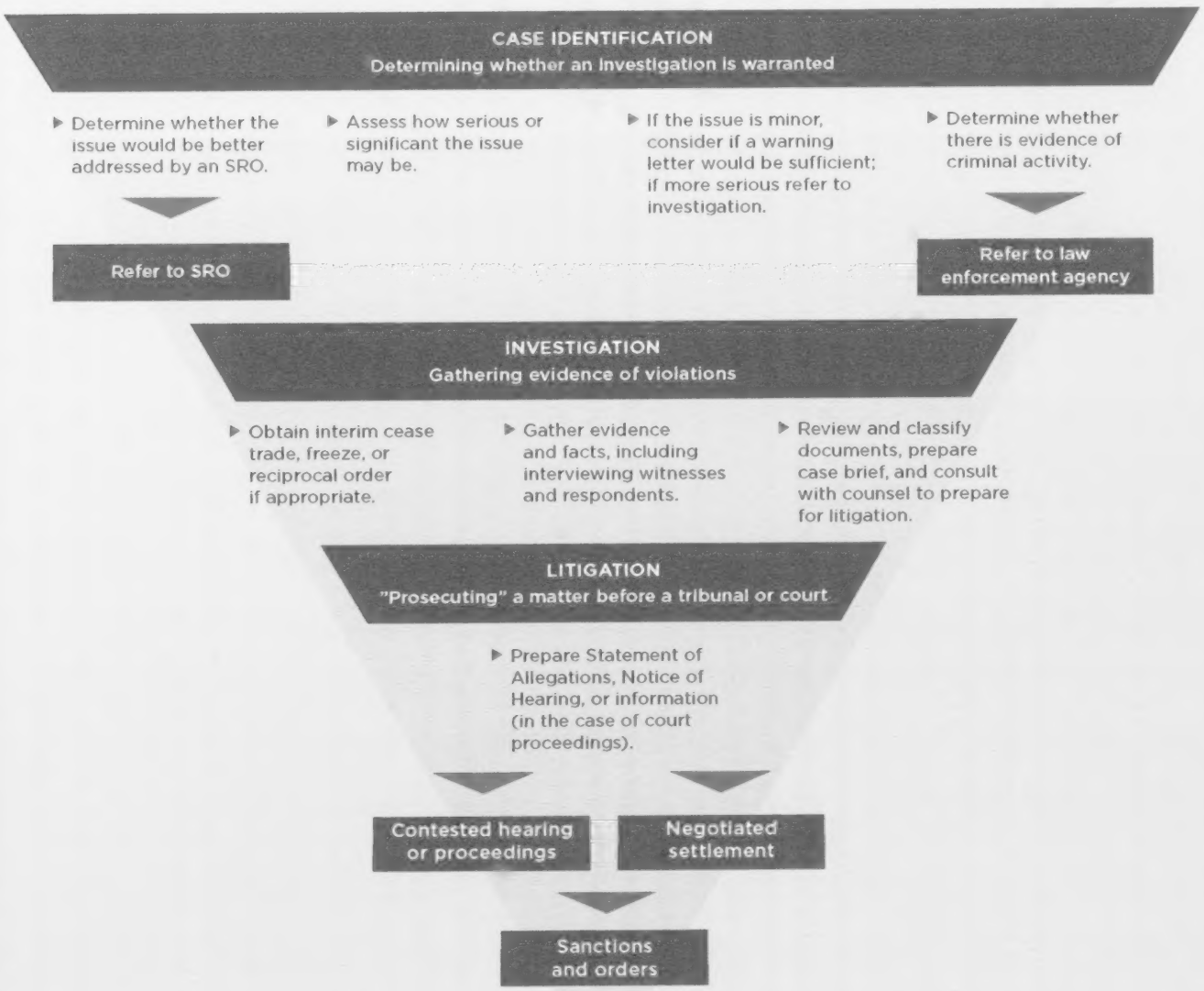
The courts decide whether an accused person has committed a crime. Some offences under securities legislation and most Criminal Code offences are prosecuted in court. If the court finds an accused guilty, it can impose penalties.

Self-Regulatory Organizations (SROs)

Canadian securities regulators have recognized national self-regulatory organizations (SROs) to regulate investment dealers and mutual fund dealers, under the oversight of CSA members. The key SROs in Canada include the Investment Industry Regulatory Organization of Canada (IIROC), the Chambre de la sécurité financière (CSF), and the Mutual Fund Dealers Association of Canada (MFDA). The SROs can discipline member dealers or their employees for breaching SRO rules. Sanctions include suspension or termination of membership or market access and monetary penalties.

The Enforcement Process

While the details of the enforcement system vary somewhat by jurisdiction, the overall process is similar across the country. CSA members make up one central component of the enforcement mosaic. The mosaic also includes SROs such as IIROC and the MFDA, as well as Crown prosecutors and the courts, and law enforcement agencies including the RCMP. This chart explains generally how cases proceed through most provincial and territorial securities regulators.


CASE IDENTIFICATION
Determining whether an investigation is warranted
Determine whether the issue would be better addressed by an SRO.
Assess how serious or significant the issue may be.
If the issue is minor, consider if a warning letter would be sufficient; if more serious refer to investigation.
Determine whether there is evidence of criminal activity.
Refer to SRO
Refer to law enforcement agency
INVESTIGATION
Gathering evidence of violations
Obtain interim cease trade, freeze, or reciprocal order if appropriate.
Gather evidence and facts, including interviewing witnesses and respondents.
Review and classify documents, prepare case brief, and consult with counsel to prepare for litigation.
LITIGATION
"Prosecuting" a matter before a tribunal or court
Prepare Statement of Allegations, Notice of Hearing, or information (in the case of court proceedings).
Contested hearing or proceedings
Negotiated settlement
Sanctions and orders

Key CSA Facts

	Canadian Total
Market Capitalization[1]	$1.4 trillion
Total Issuers[1]	4,012
Total Registrants (firms)[2]	2,013
Total Registrants (individuals)[2]	128,492
Pension Fund Assets[3]	$719 billion
Total Financial Wealth[3]	$2.5 trillion

1. Data from the TMX Group as of October, 2008
2. CSA members
3. Investor Economics, 2007 data

Key Facts by Jurisdiction

WHILE CANADIAN SECURITIES REGULATORS COLLABORATE UNDER THE CSA FRAMEWORK, EACH REGULATOR ALSO HAS ITS OWN UNIQUE FEATURES, REFLECTING THE NATURE OF THE CAPITAL MARKETS IN THAT PROVINCE OR TERRITORY. THIS SECTION DESCRIBES THOSE UNIQUE FEATURES, AS WELL AS SOME HIGHLIGHTS FROM 2008.

Alberta

- The Alberta Securities Commission regulates a diverse capital market comprised of small, medium and large issuers with the highest average value of market capitalization in Canada.
- Illegal insider trading and market manipulation are the priority of a specialized "FasTrac" team that responds immediately to investigate suspicious trading flagged through market surveillance.
- This year, an ASC panel issued the largest administrative penalty ever levied against an individual in Alberta. In addition to a monetary penalty of $750,000, the individual received a lifetime market ban.
- In 2008, Alberta Courts issued significant court rulings that upheld ASC sanctions and provided favourable precedents that reinforce legislated ASC powers to investigate and take enforcement action.

British Columbia

- British Columbia regulates the largest number of listed companies in Canada that includes a high concentration of mining and mineral exploration companies.
- A large number of the B.C. Securities Commission's cases involve people and companies who raise capital through illegal distributions. There is also a disproportionate amount of abusive U.S. over-the-counter market activity with ties to the province that harms the reputation of B.C.'s capital markets. The B.C. Securities Commission introduced new rules and requirements targeted specifically at this activity.
- To complement its administrative enforcement efforts, the B.C. Securities Commission is working with the B.C. Attorney General (the Crown) to prosecute securities-related cases through the courts.

Manitoba

- The Manitoba Securities Commission regulates a variety of head office, regional and branch offices of securities firms, the only agricultural futures and options exchange in Canada, and an active local market that is focused on raising capital for new and developing businesses through the use of prospectus and registration exemptions.
- In addition to administrative hearings, Manitoba staff investigate and prosecute violations of securities laws in Manitoba courts. These prosecutions have resulted in jail sentences imposed on the worst offenders.
- The MSC enforcement division collaborated with the education department to develop a new DVD, "Fact or Fraud: the truth about scams and fraud in Manitoba," to enhance public awareness of securities fraud.

New Brunswick

- The New Brunswick Securities Commission is the Crown corporation that regulates a developing capital market in the province.
- The NBSC's enforcement activities are guided by a strategy which promotes enforcement action that is timely, decisive and proportional to the severity of a violation. Enforcement activity covers as many different areas of securities regulation as possible, with a particular current emphasis on boiler room cases. The NBSC's administrative tribunal has the ability to issue reciprocal orders as well as disgorgement and compensation orders.
- The NBSC is committed to investor protection. Their "Invest in Knowing More" investor protection campaign, run in 2007 and 2008, has heightened awareness of potential frauds and scams.

Newfoundland and Labrador

- The Financial Services Regulation Division of the Department of Government Services is responsible for the regulation of the securities industry in Newfoundland and Labrador. Other industries which fall under the responsibility of the Division include: pensions, insurance, real estate, mortgage brokers and prepaid funerals.
- The Division works closely with the other CSA members and law enforcement agencies.
- The focus of the Division is on early intervention by issuing public notices when the Division becomes aware of any unregistered activity.

Northwest Territories

- In the Northwest Territories, the Securities Office is a branch of the Department of Justice.
- The new Securities Act (Northwest Territories) came into effect on October 26, 2008. This new Act is harmonized with securities legislation elsewhere in Canada, thereby increasing the ability of the Securities Office to initiate enforcement investigations and impose sanctions.

Nova Scotia

- The Nova Scotia Securities Commission is an administrative tribunal and agency of the Government of Nova Scotia. The Compliance & Enforcement Branch conducts compliance examinations, carries out investigations and commences proceedings before the Commission. Quasi-criminal proceedings may also be brought before the Provincial Court or referred to a criminal authority for investigation and subsequent prosecution.
- The Nova Scotia enforcement team places a high priority on collaboration with other jurisdictions, and on working jointly through the CSA. The NSSC chaired the CSA Standing Enforcement Committee in 2008.
- The relative size of the province's capital market allows the NSSC to place a special focus on small retail investors in conjunction with a broad spectrum of securities issues.

Nunavut

- Securities regulation in Nunavut is handled by the Legal Registries Division of the Department of Justice. Nunavut's new harmonized Securities Act came into force in late 2008.
- Officials in Nunavut monitor the market, exchange information with the principal regulator of companies that are active in the territory, and share information with other securities regulators.

Ontario

- Ontario is the home of the TSX, Canada's principal stock exchange. The Ontario Securities Commission is Canada's largest capital markets regulator. The OSC pursues enforcement on two fronts – before the Commission and, where appropriate, before the courts.
- Market surveillance is an important element of enforcement at the OSC, and trading patterns are continuously monitored for unusual activity.
- The OSC houses a Joint Securities and Intelligence Unit that includes staff from the OSC, RCMP and IIROC. The mandate of the JSIU is to detect and deter criminal activity in the capital markets.
- The OSC has developed two specialized units : the Boiler Room Unit and the Insider Trading Unit. Both units investigate and prosecute their respective cases. In addition, the Boiler Room Unit is able to act quickly to disrupt activity.

Prince Edward Island

- The PEI Securities Office is under the authority of the Office of the Attorney General.
- The Securities Office focuses on local enforcement issues and works closely with other CSA jurisdictions across Canada. Working with the RCMP, the office participated in a province-wide seniors outreach initiative in 2008 to combat financial scams and frauds.
- PEI adopted a new harmonized Securities Act in March 2008. The new law enhances PEI's enforcement capabilities.

Quebec

- Quebec's Autorité des marchés financiers is an integrated regulator, covering players such as insurance companies, credit unions, and financial services distributors as well as the capital markets. Quebec is also home of the Montreal Exchange, Canada's derivatives exchange.
- Quebec has an administrative tribunal (BDRVM), which is separate from the AMF, to judge enforcement cases. Since June 2008, the tribunal has had the power to issue reciprocal orders.
- In quasi-criminal prosecution, the AMF has the power to obtain jail sentences from the court for securities-related infractions.
- In 2008, the AMF introduced a new insider trading and market manipulation branch, with the specialized expertise required to investigate and prosecute these cases.

Saskatchewan

- The Saskatchewan Financial Services Commission is Saskatchewan's primary regulator of the financial services industry, including the credit union system, insurance, pensions, securities, trust and loan companies, loan brokers and mortgage brokers. The Securities Division deals with contraventions of Saskatchewan securities laws.
- In addition to integrating new investigator positions in 2008, the SFSC is updating its enforcement processes to make them more efficient and effective.
- In 2008 the SFSC focused on early disruption of illegal securities offerings by companies operating outside of Canada by issuing cease trading orders and publicizing those orders.

Yukon

- The Yukon Securities office of the Department of Community Services is responsible for administering Yukon's securities laws.
- Yukon's new harmonized Securities Act was proclaimed in March, 2008. The new Act was drafted in collaboration with Northwest Territories, Nunavut and PEI , to strengthen the enforcement capability in those jurisdictions that do not have stand-alone securities commissions.

Appendix

Cases Concluded in 2008

Illegal Distributions

- 9-1-1 Finance inc.; Groupe 9-1-1 Finance s.e.n.c.; Corriveau, Mario; Tremblay, Frédéric C.; Villarreal, Liz Perez; L'Heureux, Johanne; Plamondon, Alice and Mercier, Jean-Paul (QC)
- 3062809Nova Scotia Limited; World of Wisdom Publishing House; Terra Firma Publications Incorporated; Davis, Ronald George and Davis, Laurie Harriett (NS)
- Allaire, David (QC)
- Angelopoulos, Mario (QC)
- Bartel, Robert Vincent (AB)
- Castaneda, Jose L. (court decision) (ON)
- Castaneda, Jose L. (settlement agreement) (ON)
- Caros, Constantin Dean also known as "Constantinos Caros" (QC)
- Concrete Equities Executive Club Inc. (AB)
- Cooke, Maxine (AB)
- Cornwall, John Alexander; Cook, Kathryn A.; Simpson, David; Xavier, Jerome Stanislaus; CGC Financial Services Inc.; and First Financial Services (ON)
- Cournoyer, Gaby (QC)
- Daystar Holdings Inc. and Lawler, Timothy Michael (AB)
- Demers, Stevens (QC)
- Doré, Nicole (Written decision not available) (QC)
- Elliott, James Richard (BC)
- Euston Capital Corp (MB)
- Evolution Market Group Inc.; Finanzas Forex; Kougioumoutzakis, Philippe and Megdoud, Mohamed (QC)
- Executive Marketing & Strategies Ltd.; Sayers, Carol Jean; Sayers, Jennifer Dawn and Sayers, Ryan Kristen (AB)
- Fagundes, Fernando Honorate, also known as "Shane Silver", "Shane Silverman", "Shane Silva", "Fernando Silva" and "Fernando Fagender" ; Kowalchuk, Allan D.; Kowalchuk Kim John and Goebel, Reginald Allen (SK)
- First Alliance Management and Freedmen, Ted (NB)
- First Global Ventures, S.A.; Grossman, Abraham Herbert, also known as "Allen Grossman" and Shuman, Alan Marsh, also known as "Alan Marsh" (ON)
- First Global Ventures, S.A.; Grossman, Abraham H., also known as "Al Grossman" or "Allen Grossman" and Shuman, Alan Marsh, also known as "Al Marsh" or "Alan Marsh" (NB)
- Future Growth Group Inc.; Future Growth Group Limited; Future Growth Global Fund Limited; Future Growth Market Neutral Equity Fund Limited; Future Growth World Fund 1st and Leemhuis, Adrian Samuel (QC)

- Gagnon, Bernard (QC) ▸
- Gauthier, Guy Paul (QC) ▸
- Genoray Advanced Technologies Ltd.; Kearl, Richard George; Bayne , Ross Vincent; Nesbitt, Douglas Andrew and McNabb, Wyatt Gordon. (AB) ▸
- Gestion de capital Triglobal inc.; Société de gestion de fortune Triglobal inc.; Papadopoulos, Themistoklis; Papathanasiou, Anna; Mignacca, Franco; Jekkel, Joseph; PNB Management inc.; Bright, Mario; Focus Management inc.; Ivest Fund Ltd; Coombes, Kevin; 3769682 Canada inc.; Interactive Brokers; Banque CIBC; Groupe Financier Banque TD and PNB Paribas (Canada) (QC) ▸
- Global Petroleum Strategies, LLC; Petroleum Unlimited, LLC; Aurora Escrow Services, LLC and Kimmel, A Roger A. Jr. (NB) ▸
- Goh, Heng; Johnson, Alvin Lee and Schwab, Victor (BC)
  Order re: Goh, Heng ▸
  Order re: Johnson, Alvin Lee ▸
  Order re: Schwab, Victor ▸
- Gold-Quest International (SK) ▸
- Gold-Quest International Corp. (QC) ▸
- Group Newtech International Inc. (QC) ▸
- Heidebrecht, Sheldon Terry (MB) ▸
- International Fiduciary Corp. SA; Byer, Daniel Eric; Stevenson, Malcolm Cameron Boyd and Pinkett II, Preston (BC) ▸
- Innovative Energy Solutions Inc. and Cochrane, Patrick (AB) ▸
- IOU Central Inc.; Marleau, Philippe; Bialek, Robert; Hajduk, Arkadiusz; Quiroz, Mayco; Bendavid, Sam; Vekselman, Alex and Yarith, Chhiv (QC) ▸
- Jain, Anil Kumar (ON) ▸
- Koswin, Ricky Nicholas (MB) ▸
- Lavallee, Lambert "Bert"; Lavallee Financial Corporation and Lavallee Financial Inc. (AB) ▸
- Leroux, Jean-Yves (QC) (Written decision not available)
- Limelight Entertainment Inc.; Da Silva, Carlos, A.; Campbell, David C. and Daniels, Joseph (ON) ▸
- Mallinson, William M. (AB) ▸
- Marathon Leasing Corporation and Fast, Ronald J. (SK) ▸
- MDMI Technologies Inc. (BC) ▸
- MD Multimédia Inc.; Couture, Pierre and Provost, Claude Yvon (QC) ▸
- Morrison, Charles (MB) ▸
- Newtech Brake Corp. (QC) ▸
- O de Mer Propulsion inc.; Poirier, Jean-Louis, Bissonnette, Luc; Savoie, Jacques; Laroche, Jean-François and Nolet, Gérard (QC) ▸

- Papadopoulos, Themistoklis; Bright, Mario; PNB Management inc.; 2967-9420 Québec inc.; Mizrahi, David; Ruse, Brian; 4384610 Canada inc.; 4190424 Canada inc.; Skafidas, Angela; Services financiers Dundee inc.; Ouaknine, Daniel Meyer; Elhadad, Sydney; Royal-Lepage Versailles; Arsenault, Renée Sarah; Tétrault, Nicolas; Groupe Sutton Royal inc.; D. Mizrahi & Associates Ltd; Geroue, Giuseppe, also known as "Joseph"; Papadopoulos, Anthanasios and Chronopoulos, Paul (QC) ▸
- Park, Sang H. (NB) ▸
- Ressources Minières Andréane inc.; Minéraux Izza inc.; HE-5 Resources Corporation; Ollu, Serge; Raynault, Denyse; Vallée, Jacques; Cortellazzi, Andréa; Frigon, Marie-Hélène and Renaud, Yves (QC) ▸
- Rivers, Gregory Williams; Advanced Rescue Technologies Inc. and NOF Electrical Generation Inc. (BC) ▸
- Savage, Michael (BC) ▸
- Société de prospection 2000 (QC) ▸
- Société de prospection de la péninsule gaspésienne (QC) ▸
- Steele, Kevin Jason; Fulko, David John; Fulko, Wallace Gerard (BC)
  Order re: Steele, Kevin Jason ▸
  Order re: Fulko, David John ▸
  Order re: Fulko, Wallace Gerard ▸
- StockDepot Information Services Corp. and Budai, Albert Stephen (BC) ▸
- TSS Management Corp., The Taylor Made Management Corp., Reisner, Sidney John and MacPherson, Gregory Daniel (AB) ▸
- University Lab Technologies, Inc., University Health Industries, Inc. and Theodoropoulos, George also known as "George Theodore" (AB) ▸
- Vasilica, Mihai, also known as "Mike Vasilica" (MB) ▸
- Virtual Community Exhibitions Inc. and Kelly, Ralph (BC) ▸
- Wealth Pools International, Inc.; Lane, Robert E.; Oagles, James H.; Fulton, Ronald J. and Tracy, Jeannie (NB) ▸
  Order re: Fulton ▸
  Order re: Tracy ▸
  Order re: Oagles ▸
  Order re: Lane ▸
- Wild Dog Incorporated and Ryan Sookram, also known as "Ryan Sookrum" (MB) ▸

Misconduct by Registrants

- Black, Hans Peter (QC) ▸
- BMO Ligne d'Action Inc. (QC) ▸
- Canaccord Capital Corporation (NS) ▸
- Cluster Asset Management Inc. (BC) ▸
- Compagnie Trust CIBC (QC) ▸

- C.S.T. Consultants Inc. (NS)
- CWM Investment Counsel Inc. (BC)
- Daubney, John (ON)
- Doherty & Associates Ltd. (BC)
- Dorchester Investment Management (BC)
- E*Trade Canada Securities Corporation (BC)
- Gestion d'actifs MGP Media Inc. (QC)
- Gestion placements Desjardins Inc. (QC)
- Gestion privée TD Waterhouse inc. (QC)
- Global Securities Corporation and Montaine, Monty Gregory Lorne (BC)
- Globevest Capital Inc. (QC)
- Hartley, Paul Simon (court decision – no on-line document available) (SK)
- IA Clarington Investments Inc. (BC)
- Johnson, Douglas Allen (NS)
- Jones, Gable & Company Limited (BC)
- Koniuck-Petzold, Margaret (MB)
- Les services de gestion CCFL ltée (QC)
- Legacy Associates Inc. (NB)
- Lester Asset Management Inc. (BC)
- Lynch, Michael (NS)
- MacDougall Investment Counsel Inc. (BC)
- Marché des capitaux Phincorp Inc. (QC)
- Wirth Associates Inc. (BC)
- Wirth & associés Inc. (QC)
- Wladyka, Jack George (MB)

Illegal Insider Trading

- Gu, Liedong (AB)
- Lemire, Louis-Robert (QC)
- Leung, Betty (ON)
- Marino, Mario (NS)

- New North Resources Ltd. (AB) ▸
- Oliver, Paul Norman (AB) ▸
- Rankin, Andrew Stuart Netherwood (ON) ▸
- Tripp, Russell John (AB) ▸

Disclosure Violations

- Bélanger, Louis N. (QC) ▸
- Brost, Milowe Allen; Capital Alternatives Inc; Strategic Metals Corp.; Forrest, Edna; Weeks, Carol and Regier Bradley (AB) ▸
- Caron, Migüel (QC) ▸
- Chouinard, Louis (QC) ▸
- Helical Corporation Inc. (NS) ▸
- Hennig, Theodor; Workum, Peter Jay, also known as Peter J. Workum; Cheshire Capital Inc. and Strategic Investments Fund (AB) ▸
- Keystone Real Estate Investment Corp.; Cadman, Ron and Cadman, Travis (AB) ▸
- Lee, Peter George (ON) ▸
- Renaud, Philip (QC) ▸
- Stern, Richard (ON) ▸

*In one case involving Deborah Weinstein, following a contested hearing the OSC Panel found that "having concluded that there was no material change in the business, operations or capital of AiT during the Relevant Period, AiT did not breach section 75 of the Act and was not required to make timely disclosure of its negotiations with 3M. Since the allegations against Weinstein were that she had breached sections 122(3) and 127(1) of the Act which were premised upon a breach by AiT of section 75, those allegations against her must be dismissed." (ON) ▸

Market Manipulation

- Anderson, James Ryan (AB) ▸
- Illidge, John; McLean, Patricia; and Kelley, Stafford (ON)
  Order re: Illidge, John ▸
  Order re: McLean, Patricia ▸
  Order re: Kelley, Stafford ▸
- Lacroix, Vincent (QC)
- Laliberté, Benoît (QC)

Miscellaneous

- Brost, Milowe Allen and Jackson, Thayer (AB) ▸
- Duic, Daniel (ON) ▸

- I.G. Investment Management, Ltd. (MB) ▸
- Les produits forestiers Dubé inc. (QC) ▸
- Taplin, David; Rashvich, Danilo; Adams, Ken; Ross, Donald; Neu Bryan J. and Neu, Sonja D. (AB) ▸

Cases Concluded in the Fourth Quarter of 2007

Enforcement reporting was previously done by the CSA on a six month, fiscal year basis. The last two CSA Enforcement Reports therefore included the cases concluded from January to September, 2007. This report marks a shift to calendar year reporting. The cases below were concluded between October and December, 2007.

Illegal Distributions

- Al-tar Energy Corp.; Alberta Energy Corp.; O'Brien, Eric and Sylvester, Julian (NB) ▸
- Atlas Communications Inc.; GCS Holdings Inc.; Amyotte, George Oscar and Lefebvre, Ernest Georges (AB) ▸
- Balayer, Christophe (QC) ▸
- Chartrand, Gilbert (QC) ▸
- Cheng, Wai-Leung, also known as "Danny Cheng"; Wong, Lisa and Carling Development Inc. (AB) ▸
- Conrad, Everett (MB) ▸
- Heartford Capital Management (SK)
- Hodgson, Donald George and Hodgson, Gerald Gordon (MB) ▸
- Hybschmann, Hans-Ove (MB) ▸
- Kowalkchuk, Kim (SK)
- Kroeker, Tracy Lee (AB) ▸
- Kroeker, Tracy Lee; Furusho, Tolan Shigeo; and Kamerling, Beverly (AB) ▸
- Lacroix, Victor and Ferucci, Armando (QC) ▸
- Landbank International and Friesen, Kelly J. (SK) ▸
- Limelight Entertainment Inc.; Campbell, David; Da Silva, Carlos; McCarty, Tim; Moore, Jacob; Simonsen, Ove; O'Brien, Eric; Ulfan, Hank and Clynes, Rick (AB) ▸
- Maitland Capital Ltd.; Grossman, Al also known as "Abraham Herbert Grossman" and "Allen Grossman"; Rouse, William; Gardner, Ron also known as "Ron Garner", Cassidy, Dianna and Geller, Robert (AB) ▸
- Meisner Inc. S.A. carrying on business as "Meisner Corporation" and "Meisner Incorporated" and Vizcarra, Jorge also known as "George Dizcarra" (NB) ▸
- M.R.S. Trust Company; B2B Trust; W.H. Stuart Mutuals Ltd.; Sonego, Eric; Eshun, Ingram Jeffrey; Lewis, Josephus Delacore and Stuart, Marilyn Dianne (MB) ▸
- River John Oceanfront Ltd. (NS) ▸

- Saxon Financial Services Ltd.; Saxon Consultants, Ltd.; Wilson, Sean; Praamsma, Justin; Praamsma, Conrad; Young, Todd and Merchant Capital Markets S.A. carrying on business as "Merchant Capital Markets" and "Merchantmarx" (NB) ▸
- Talbot, Louis (QC) ▸
- Topsis Investments Canada Inc.; McLeod, Forbes John; McLeod, Larry Kenneth and Watt, Delmer Allen (AB) ▸
- University Lab Technologies Inc.; Theodoropoulos, George, also known as "George Theodore"; University Health Industries Inc.; Pricewarner Financial, LLC and Werner, Andrew (NB) ▸
- Von Anhalt, Emilia and Von Anhalt, Jurgen (ON)

Market Manipulation

No cases in this category in the fourth quarter of 2007.

Illegal Insider Trading

- Kroetch, Stanley (AB) ▸
- MacDougall, Blair (AB) ▸
- Séguin, Louis-Philippe; Corporation Stratégique SPJ; Lesage, Michel and Les Investissements Blue Ship Inc. (QC) ▸

Disclosure Violations

- Ironside, J. Gordon and Ruff, Robert W. (AB) ▸
- Jardine, Brent Glen (BC) ▸
- Waxman, Robert (ON) ▸

Misconduct by registrants

- Littler, Cheryl (ON) ▸
- Thow, Ian Gregory; 611276 B.C. Ltd.; 657594 B.C. Ltd.; 679071 B.C. Ltd., 699109 B.C. Ltd.; 705671 B.C. Ltd.; A.Y.G. Investments Inc.; M600 Holdings Ltd.; Thow Financial Planning Corp.; Vancouver Island Jet Inc. and 1047145 Alberta Ltd. (BC) ▸

Miscellaneous

- 6607594 Canada Inc.; 4086589 Canada Inc.; Beaudin, Amyot Monique and Lafrenière, Léo (QC) ▸
- Alexander, James Terrence; Christine Eilers, Anne and JT Alexander and Associates Holding Corporation (BC) ▸
- Bianco, David Del (AB) ▸
- Desbiens, Jean (QC) ▸
- Di Stefano, Rocco (QC) ▸
- G.I.S.P.Aideauxfamilles.com; Matthews, Earl; Briand, Reyanne; G.I.S.P. Aid4families.com and Caisse populaire Desjardins de Trois Saumons (QC) ▸

- Jory Capital Inc. and Cooney, Patrick Michael (MB)
- Nadeau, Jacques and Leblond, Réjean (QC)
- Qualico Developments West Ltd. (MB)
- Rusnak, Orest (AB)
- Savard, Denis (QC)